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File

AUGUSTUS EXPLORATION

L I M I T E D

ANNUAL REPORT

1964

AUGUSTUS EXPLORATION LIMITED

HEAD OFFICE

Suite 1600 - 100 Adelaide Street West, Toronto 1, Ontario

OFFICERS

ASHTON W. JOHNSTON - - - - - *President*

WILLIAM McKEE - - - - - *Vice-President*

LESLIE E. WETMORE - - - - - *Secretary-Treasurer*

H. BRODIE HICKS - - - - - *General Manager*

JOHN A. KING - - - - - *Assistant Secretary-Treasurer*

DIRECTORS

ASHTON W. JOHNSTON

WILLIAM McKEE

LESLIE E. WETMORE

H. BRODIE HICKS

W. CLARKE CAMPBELL

WILLIAM L. HOGG

ARCHIBALD B. WHITELAW

TRANSFER AGENT AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA
Toronto, Montreal, Calgary and Vancouver

AUDITORS

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Toronto, Ontario

TENTH ANNUAL MEETING

Royal York Hotel
Toronto, Ontario, 11:00 a.m., February 17, 1965

61- to 64 c
62 c

done

How can we

AUGUSTUS EXPLORATION LIMITED

January 15, 1965

DIRECTORS' REPORT

To the Shareholders:

This is the tenth annual report of the Company. Included are the consolidated financial statements and the report of the Auditors.

At year end, net current assets amounted to \$280,430, an increase of \$132,000 over the December 31, 1963 figures. Quoted market value of shares in mining and exploration companies at \$2,071,804 is up \$147,000 from the previous year-end market value.

Net income totalled \$112,451, a reduction of \$87,513 from 1963. Lower dividend revenue from The Canadian Faraday Corporation Limited, the Company's principal investment, was the main contributing factor to the decrease in net income. You will note that, in spite of this reduction, the overall financial position of the Company has improved considerably.

Augustus continues to control The Canadian Faraday Corporation which, since the sale of its mining operations in 1963 to Metal Mines Limited, receives its income from investments. Faraday's main holdings are an 85% interest in Metal Mines Limited, plus a substantial interest in Western Mines Limited which is preparing for production its high grade, precious and base metal property on Vancouver Island, British Columbia.

Faraday's interest in Canadian Silica Corporation Limited was sold during the year.

Metal Mines operates a profitable nickel-copper mine at Gordon Lake, Ontario. For the first six months of the year it also operated its uranium mine at Bancroft, Ontario, until forced to shut down because of lack of markets. A diversified exploration program is conducted by Metal Mines.

Exploration ventures continue to be a key activity of your Company and many situations are examined each year with a view to acquiring an interest in promising mining properties either by staking, purchase or treasury financing.

ADD- OFFER FOR AUGUSTUS

TORONTO -DJ- THE OFFER FOR AUGUSTUS EXPLORATION APPARENTLY TOOK MANAGEMENT BY COMPLETE SURPRISE - H BRODIE HICKS GENERAL MANAGER SAID THAT HE AND AS FAR AS HE KNEW OTHER DIRECTORS -HADN-T BEEN INFORMED OF THE OFFER-

HE SAID HE COULD MAKE NO COMMENT UNTIL DIRECTORS MEET IN TORONTO LIKELY TOMORROW

AUGUSTUS EXPLORATION WHICH HAS AN INVESTMENT

Source -
OFFER FOR AUGUSTUS EXPLORATION

TORONTO -DJ- MONTREAL TRUST CO ON BEHALF OF A CANADIAN CLIENT IS OFFERING TO PURCHASE 2 000 000 COMMON SHARES OF AUGUSTUS EXPLORATION LTD AT 60 CENTS -CANADIAN- PER SHARE

THE OFFER EXPIRES OCTOBER 15

AUGUSTUS AT LAST REPORT HAD 4 321 477 SHARES OUTSTANDING OF 10 000 000 AUTHORIZED

-V-

*widely distributed
steady accumulation*

...ING FOR A LARGE-SCALE TEST OF A MANITOBA POTASH PROPERTY

WESTERN MINES EARLY IN JULY UNDERTOOK SENIOR FINANCING TOTALING 11 000 000 DLS TO BRING ITS VANCOUVER ISLAND COPPER-LEAD-ZINC-GOLD-SILVER PROPERTY INTO PRODUCTION

THE COMPANY SAID IT EXPECTED TO BE IN PRODUCTION AT A MILLING RATE OF 750 TONS A DAY BY THE SPRING OF NEXT YEAR

-V-

OFFER FOR AUGUSTUS EXPLORATION

TORONTO - 24 - MONTREAL TRUST CO. ON BEHALF OF

A CANADIAN CLIENT IS OFFERING TO PURCHASE

2,000,000 COMMON SHARES OF AUGUSTUS EXPLORAT-

ION LTD AT 80 CENTS - CANADIAN - PER SHARE

THE OFFER EXPIRES OCTOBER 1, 1954

AUGUSTUS AT LAST REPORT HAD A 251,477 SHARES

OUTSTANDING OF 10,000,000 AUTHORIZED

TORONTO -DJ- THE OFFER FOR AUGUSTUS EXPLORATION APPARENTLY TOOK MANAGEMENT BY COMPLETE SURPRISE - H BRODIE HICKS GENERAL MANAGER SAID THAT HE AND AS FAR AS HE KNEW OTHER DIRECTORS -HADN-T BEEN INFORMED OF THE OFFER-

HE SAID HE COULD MAKE NO COMMENT UNTIL DIRECTORS MEET IN TORONTO LIKELY TOMORROW

AUGUSTUS EXPLORATION WHICH HAS AN INVESTMENT PORTFOLIO OF APPROXIMATELY 2 000 000 DLS CONTROLS CANADIAN FARADAY CORP WHICH HAS AN 85 PC INTEREST IN METAL MINES LTD AND A MAJOR INTEREST IN WESTERN MINES LTD

METAL MINES WHICH OPERATES A NICKEL-COPPER MINE AT GORDON LAKE ONT HAD NET INCOME FOR THE DEC 31 1964 YEAR OF 434 255 DLS EQUAL TO SIX CENTS PER SHARE - METAL MINES ALSO OWNS AN URANIUM MINE AT BANCROFT ONT WHICH WAS FORCED TO CLOSE DOWN IN MID-YEAR 1964 BECAUSE OF LACK OF MARKETS

METAL MINES ALSO CONTROLS PRAIRIE POTASH MINES LTD WHICH EARLIER THIS YEAR REPORTED IT WAS SEEKING FINANCING FOR A LARGE-SCALE TEST OF A MANITOBA POTASH PROPERTY

WESTERN MINES EARLY IN JULY UNDERTOOK SENIOR FINANCING TOTALING 11 000 000 DLS TO BRING ITS VANCOUVER ISLAND COPPER-LEAD-ZINC-GOLD-SILVER PROPERTY INTO PRODUCTION

THE COMPANY SAID IT EXPECTED TO BE IN PRODUCTION AT A MILLING RATE OF 750 TONS A DAY BY THE SPRING OF NEXT YEAR

In 1964, exploratory efforts were undertaken directly by the Company in two areas of Ontario and two in Quebec. Further work will be done in 1965 on one property in each province. Roundtower Minerals Limited (in which Augustus has a one-third interest) continued prospecting, including exploratory diamond drilling, in the Republic of Ireland. Values obtained were below ore grade. Additionally, the Company participated in two prospecting syndicates, one of which has located favorable properties in Nevada that now are under investigation.

580,394

On Behalf of the Board

A. W. Johnston

President

Hidden - Sept 24 82,833 - 44 + 1
 23 30,534 - 43
 22 37,785 - 43 + 1
 21 413,000 + 42 + 2
 20 - 20,800 40 + 1

83
 30

37

43

20

7213.4

July 31 - 35 $\frac{1}{2}$

May 30 - 35 $\frac{1}{2}$

Sept 16 - 10,000 - 39 + 1
 15 4,500 38 + 1
 14 500 4 $\frac{1}{2}$

105

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1964

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	5,710
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SHAREHOLDERS' EQUITY

Capital stock:

Authorized, 10,000,000 shares of \$1.00 par value each

Issued, 4,321,477 shares	4,321,477
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Deficit	556,370	3,765,107
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Approved on behalf of the Board:

Wm. McKEE, Director.

L. E. WETMORE, Director.

\$3,770,817

egral part of this statement.

REPORT

ed subsidiary as at December 31, 1964 and the consolidated statements of income, deficit and contributed
edures and such tests of accounting records and other supporting evidence as we considered necessary

of income, deficit and contributed surplus present fairly the combined financial position of Augustus
oined operations for the year ended on that date, in accordance with generally accepted accounting

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

AUGUSTUS EXPLORATION LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY
NMC SECURITIES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 1964

1. Subsidiaries not consolidated:

The following subsidiaries, because of their inactivity, are not included in this consolidation:

Greenocks Mines Limited
Ligneris Goldfields Limited

The total book value of shares of subsidiaries not consolidated is \$36,500. There is no quoted market value for these shares as at December 31, 1964.

2. Shares in mining and exploration companies:

In some instances large blocks of shares are held and quoted market values are not necessarily indicative of amounts that might be realized if the shares were to be sold.

Included in the quoted market value is \$150,975 representing escrowed shares which have been valued at 50% of the quoted market price of free shares.

3. Mining claims and interests:

The accounting treatment of mining claims and interests is as follows:

- (a) Profits and losses on disposals of claims are carried directly to the deficit account.
- (b) Where a group of claims is disposed of other than en bloc, the entire proceeds of disposals are credited against cost of the group. No adjustment is made for profit or loss until the entire group is disposed of or proceeds of the sale of a portion of the group exceed the total cost of the group.

The stated value of mining claims and interests is determined as follows:

Balance at beginning of year	646,424
Add:	
Cost of claims staked	4,125
Expenditures	19,413
	<hr/>
	669,962
Deduct:	
Cost of claims abandoned	10,591
Cost of claims sold	965
	<hr/>
	11,556
Balance at end of year	<hr/> \$ 658,406 <hr/>

AUGUSTUS EXPLORATION LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY
NMC SECURITIES LIMITED

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1964

REVENUE

Dividends earned	134,747	
Profit on securities	49,367	
Equipment rental	4,590	
Interest earned	1,454	
Profit on disposal of fixed asset	300	190,458

EXPENSES

General exploration	25,800	
Administration	46,461	
Interest	625	
Depreciation	3,905	
Advances to other companies written off	1,216	78,007
Net income for year		<u>\$ 112,451</u>

CONSOLIDATED STATEMENT OF DEFICIT

YEAR ENDED DECEMBER 31, 1964

Deficit at beginning of year		741,297
Add Cost of mining claims abandoned		<u>10,591</u>
		751,888
Deduct:		
Net income for year	112,451	
Profit on sale of mining claims	<u>1,035</u>	113,486
		638,402
Deduct Contributed surplus		<u>82,032</u>
Deficit at end of year		<u>\$ 556,370</u>

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

YEAR ENDED DECEMBER 31, 1964

Contributed surplus at beginning of year	82,032
Deduct Balance transferred to reduce deficit	<u>82,032</u>
Contributed surplus at end of year	<u>Nil</u>

